

Message Text

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16

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AGR-20 COME-00 INRE-00 EUR-25

AF-10 STR-08 JUSE-00 FTC-01 TRSE-00 OMB-01 L-03 H-02

CIAE-00 INR-09 NSAE-00 RSC-01 RSR-01 /104 W
----- 059685

P R 141000 Z MAR 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 2384

INFO AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

UNCLAS TOKYO 3070

E. O. 11652: N/A

TAGS: ETRD, EAGR, JA

SUBJECT: HARDWOOD EXPORTS TO US

REF: STATE 042089

1. ACCORDING TO JAPAN LUMBER IMPORTERS ASSOCIATION (JLIA)
OFFICIAL, JAPAN IMPORTED TOTAL OF 21.725 MILLION CUBIC METERS
HARDWOOD LOGS IN 1972 FROM YOUTH ASIAN AREA (PHILIPPINES,
MALAYSIA, INDONESIA, OTHERS). ACTUAL IMPORTS SOMEWHAT HIGHER
THAN ORIGINAL JLIA ESTIMATES OF ABOUT 20 MILLION CUBIC METERS
MADE JULY 1971. LIKEWISE, JLIA HAS MADE UPWARD REVISION
1973 IMPORT ESTIMATES FROM 20.643 MILLION CUBIC METERS TO
23.552 MILLION CUBIC METERS.

2. INCREASED DOMESTIC DEMAND RESULT OF SEVERAL FACTORS:

A) ACCELERATION IN GOVERNMENT- FINANCED HOUSING CONSTRUCTION.
IN 1972, ABOUT 24 PERCENT MORE HOUSES BUILT THAN IN 1971.

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B) HEAVY RAINS IN JULY 1972 IMPEDED DOMESTIC HARVEST
HARDWOOD LOGS.

C) IN DECEMBER 1972, MINISTRY OF CONSTRUCTION PUBLISHED
NOTICE CALLING FOR STUDY OF USE OF HARDWOOD AS SUBSTITUTE
FOR SOFTWOOD IN CONSTRUCTION, AS RESULT OF INCREASE IN
SOFTWOOD PRICES IN MID-1972. (NOTE: ACCORDING TO JLIA,
SUBSTITUTION NOW TAKING PLACE.)

3. DOMESTIC AVERAGE WHOLESALE PRICES ASIAN HARDWOOD LOGS
DECREASED FROM 1971 HIGH OF ROUGHLY 15,000 YEN PER CUBIC
METER TO UNDER 11,00 YEN BY OCTOBER 1972. CURRENT PRICE
15,000-16,000 YEN. JLIA ANTICIPATES PRICE MAY GO AS HIGH AS
20,000 YEN AT ITS PEAK, THEN LEVEL OFF. DOES NOT ANTICIPATE
RETURN TO OCTOBER 1972 PRICE LEVELS, ALTHOUGH PRICES MAY
EVENTUALLY GO DOWN SOMEWHAT.

4. JLIA BELIEVES PRICE INCREASE RESULT OF FOLLOWING:

A) INCREASED JAPANESE DEMAND, AS DESCRIBED ABOVE.

B) SINGAPORE HAD BEEN PURCHASING LOGS FROM MALAYSIA, BUT
MALAYSIA ORDERED THESE SHIPMENTS STOPPED ON NOVEMBER 15, 1972.
SINGAPORE THEN TURNED TO INDONESIA FOR ITS SUPPLIES.
SHIPMENTS ALSO STOPPED BY GHANA AND IVORY COAST, CAUSING SPAIN,
U. K., GERMANY, FRANCE, ITALY, DENMARK TO SHIFT TO INDONESIA
AS SOURCE OF HARDWOOD LOGS. THUS, PRICES BID UP BY INCREASED
NUMBER BUYERS SEEKING FILL NEEDS FROM DECREASED NUMBER SOURCES
SUPPLY.

5. CURRENT STOCKPILE LEVEL JAPAN 4.6 MILLION CUBIC METERS.
REPRESENTS 2.4 MONTH SUPPLY AT PRESENT RATE OF IMPORTS AND
CONSUMPTION, WHICH ARE BOTH RUNNING ABOUT TWO MILLION CUBIC
METERS MONTHLY.

INGERSOLL

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KUALA LUMPUR
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